

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

**BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY  
DELIVERY NEW ENGLAND**

**D.T.E. 03-40**

ATTORNEY GENERAL'S SEVENTH SET OF  
DOCUMENT AND INFORMATION REQUESTS

The following are the Attorney General's Seventh Set of Document and Information Requests regarding the prefiled testimony of Larry Kaufmann.

- AG-7-1 Please indicate when Mr. Kaufmann began his work regarding the prefiled testimony for the Company in this case.
- AG-7-2 Please provide a copy of the Company's last productivity study for the Company and the Northeast gas distribution companies referred to by Mr. Kaufmann in his prefiled testimony.
- AG-7-3 Please itemize the products and services provided by Mr. Kaufman and/or Pacific Economics Group, LLC or any of its affiliates, in each of the last three years. Please also quantify the cost to the Company for each of those services.
- AG-7-4 Referring to Exhibit KEDNE/LRK-1, page 8, lines 21 through 25, please provide copies of all of the source documents from which Mr. Kaufmann derived the data that he used in his indexing work.
- AG-7-5 Please provide copies of the Bureau of Labor Statistics studies referred to on Exhibit KEDNE/LRK-1, pages 11 to 12 regarding the productivity trend in the U.S. economy.
- AG-7-6 Please provide all studies or analyses that Mr. Kaufmann has done or that he is aware of that would indicate that the gas distribution TFP is understated. Please also provide any other reasons that Mr. Kaufmann is aware of that would indicate that the gas distribution TFP is understated.

- AG-7-7 Referring to Exhibit KEDNE/LRK-1, page 12, lines 13 through 18, please provide the workpapers, calculations, formulas, assumptions, and supporting documentation used to determine the growth rate in the input price index for the Northeast gas distributors.
- AG-7-8 Referring to Exhibit KEDNE/LRK-1, page 12, lines 19 through 26, please provide the workpapers, calculations, formulas, assumptions, and supporting documentation used to determine the growth rate in the input price index for the U.S. economy.
- AG-7-9 Please provide copies of all workpapers, calculations, formulas, assumptions, and supporting documentation for any analyses that Mr. Kaufmann performed regarding Boston Gas Company's productivity during the years 2001 and 2002.
- AG-7-10 Please provide copies of all workpapers, calculations, formulas, assumptions, and supporting documentation for any analyses that Mr. Kaufmann performed regarding any group of gas distribution companies productivity during the years 2001 and 2002.
- AG-7-11 Please provide copies of all workpapers, calculations, formulas, assumptions, and supporting documentation used by Mr. Kaufmann to determine the 0.15 percent Consumer Dividend that he recommends in this case.
- AG-7-12 Please provide complete copies of the source documents for Mr. Kaufmann's data referred to on Exhibit KEDNE/LRK-2, page 8. Please also itemize and quantify each and every adjustment, addition, deletion, and / or corrections made to the data provided by those reports and provide a complete and detailed description of the reasons for each.
- AG-7-13 Please provide a complete and detailed description of the methodology that Mr. Kaufmann used to determine those firms that would be included in the 16 Northeast gas distributors that he used in this analysis.
- AG-7-14 Please provide a complete and detailed description of the methodology that Mr. Kaufmann used to determine those firms that would be excluded from the 16 Northeast gas distributors that he used in this analysis.
- AG-7-15 Referring to Exhibit KEDNE/LRK-2, page 9, please provide copies of the "scholarly literature" that supports Mr. Kaufmann's proposed methodology for determining the capital cost measurement.

- AG-7-16 Referring to Exhibit KEDNE/LRK-2, page 9, please provide a complete and detailed description of the methodology used by Mr. Kaufmann to determine the capital cost measurement. Please also provide of all workpapers, calculations, formulas, assumptions, and supporting documentation used by Mr. Kaufmann to determine the capital cost measurement for each year for each company included in this group of Northeast gas distribution companies.
- AG-7-17 Referring to Exhibit KEDNE/LRK-2, page 10, please provide the date or dates associated with the information provided on that Table 1.
- AG-7-18 Referring to Exhibit KEDNE/LRK-2, page 10, please provide the data associated with the Number of Customers for each of the other companies not shown in Table 1 included in the Northeast Total information provided on that Table 1. Please also provide complete copies of the source documents for each of those other companies not shown.
- AG-7-19 Referring to Exhibit KEDNE/LRK-2, page 11, Section 3.2.2, please provide copies of the studies, workpapers, calculations, formulas, assumptions, and other supporting documentation for the cost elasticities for each of the outputs used by Mr. Kaufmann.
- AG-7-20 Referring to Exhibit KEDNE/LRK-2, page 11, please indicate the reasons that Mr. Kaufmann did not use any sample data before the year 1990 in his analysis.
- AG-7-21 Referring to Exhibit KEDNE/LRK-2, page 12, please provide copies of all workpapers, calculations, formulas, assumptions, and supporting documentation used by Mr. Kaufmann to determine each of the columns of numbers shown on Table 2.
- AG-7-22 Referring to Exhibit KEDNE/LRK-2, page 15, please provide copies of all workpapers, calculations, formulas, assumptions, and supporting documentation used by Mr. Kaufmann to determine each of the columns of numbers shown on Table 3.
- AG-7-23 Referring to Exhibit KEDNE/LRK-2, page 16, please provide copies of all workpapers, calculations, formulas, assumptions, and supporting documentation used by Mr. Kaufmann to determine each of the columns of numbers shown on Table 4.
- AG-7-24 Referring to Exhibit KEDNE/LRK-2, page 18, please provide copies of the source documents for the BLS index of regional labor cost trends that Mr. Kaufmann used in the preparation of this prefiled testimony in this case.

- AG-7-25 Referring to Exhibit KEDNE/LRK-2, page 19, please provide a copy of the Stevenson writing referred to in Footnote 6.
- AG-7-26 Referring to Exhibit KEDNE/LRK-2, page 19, Footnote 7, please provide copies of the *Handy-Whitman Index of Public Utility Construction Costs* publications relied on by Mr. Kaufmann.
- AG-7-27 Referring to Exhibit KEDNE/LRK-2, page 19, please provide copies of the depreciation rate publications from the Bureau of Economic Analysis relied on by Mr. Kaufmann.
- AG-7-28 Referring to Exhibit KEDNE/LRK-2, page 20, please provide copies of the cost of capital publications from the National Income and Product Accounts relied on by Mr. Kaufmann. Please also itemize and quantify each and every adjustment, addition, deletion, and / or corrections made to the data provided by those reports and provide a complete and detailed description of the reasons for each.
- AG-7-29 Referring to Exhibit KEDNE/LRK-2, page 20, Section A.1.4, please provide a complete and detailed description of the reasons that Mr. Kaufmann “smoothed using a three-year moving average” the capital gains. Please also provide academic support for such a three-year “smoothing.”
- AG-7-30 Referring to Exhibit KEDNE/LRK-2, page 21, please provide copies of all workpapers, calculations, formulas, assumptions, and supporting documentation used by Mr. Kaufmann to determine each of the columns of numbers shown on Table 5.
- AG-7-31 Referring to Exhibit KEDNE/LRK-2, page 22, please provide copies of all workpapers, calculations, formulas, assumptions, and supporting documentation used by Mr. Kaufmann to determine each of the columns of numbers shown on Table 6.
- AG-7-32 Please provide complete copies of the source documents for Mr. Kaufmann’s data referred to on Exhibit KEDNE/LRK-3, page 3. Please also itemize and quantify each and every adjustment, addition, deletion, and / or corrections made to the data provided by those reports and provide a complete and detailed description of the reasons for each.
- AG-7-33 Referring to Exhibit KEDNE/LRK-3, page 4, please provide a complete and detailed description of the methodology that the Company used to determine the gas distribution companies to include in its Sample Group shown in Table 1.

- AG-7-34 Referring to Exhibit KEDNE/LRK-3, page 5, please provide the following input values for each of the companies for each of the years studied in the gas distribution sample:
- (1) the labor service cost;
  - (2) the non-labor operations and maintenance expenses less gas production and procurement expenses; and
  - (3) capital costs.
- AG-7-35 Referring to Exhibit KEDNE/LRK-3, page 10, please provide the following input values for each of the companies for each of the years studied in the gas distribution sample:
- (1) the National Compensation Survey wage rate for each job category for 1998 ;
  - (2) the weights that correspond to the Electric, Gas, and Sanitary sector for the U.S.; and
  - (3) the Employment Cost Index for the Electric, Gas and Sanitary sector over the period 1993 to 2000.
- AG-7-36 Please provide all academic support for the premise that it is reasonable to assume that the other operations and maintenance inputs should be the same for all of the companies in the sample group for any given year.
- AG-7-37 Please provide all academic support for the premise that it is reasonable to assume that the other operations and maintenance inputs should grow at the rate of growth in the GDP-PI.
- AG-7-35 Referring to Exhibit KEDNE/LRK-3, page 19, please provide the following input values for each of the companies for each of the years studied in the gas distribution sample:
- (1) the economic depreciation rates for each of the types of plant;
  - (2) the balances of structures and equipment used to weight the depreciation rates; and
  - (3) the weighted average economic depreciation rate.
- AG-7-36 Referring to Exhibit KEDNE/LRK-3, page 19, please provide copies of the Bureau of Economic Analysis publications that were used by Mr. Kaufmann in the preparation of his testimony in this case.

- AG-7-37 Referring to Exhibit KEDNE/LRK-3, page 19, please provide the tax payments and franchise fees attributed to each of companies for each of the years in the gas distribution sample.
- AG-7-38 Referring to Exhibit KEDNE/LRK-3, page 19, please provide copies of all workpapers, calculations, formulas, assumptions, and supporting documentation used by Mr. Kaufmann to determine the user cost of capital for the U.S. economy for each of the years of the gas distribution company sample.
- AG-7-39 Referring to Exhibit KEDNE/LRK-3, page 19, please provide copies of National Income and Product Accounts publications that provide the data that was used to determine the user cost of capital.
- AG-7-40 Referring to Exhibit KEDNE/LRK-3, page 20, please provide the annual capital gains that Mr. Kaufmann used for each of the companies for each of the years for the gas distribution sample.
- AG-7-41 Referring to Exhibit KEDNE/LRK-3, page 20, please provide copies of the source documents for the annual capital gains that Mr. Kaufmann used in the preparation of his testimony.
- AG-7-42 Please provide working copies of all statistical and econometric models used by Mr. Kaufmann in the preparation of his testimony and studies in this proceeding. Include with these models a plain language description of all model assumptions along with instructions for operation. Please provide the working copy of the software on CD-ROM, if possible.

April 25, 2003